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DELHI ADMINISTRATION, DELHI

NOTIFICATION

Delhi, the 22nd May 1962

No. F. 16(9)/60-Ind.—In pursuance of section 46-A of the State Financial Corporation Act, 1951, as inserted by Act No. 56 of 1956, the State of Punjab, The Union Territory of Delhi and The Union Territory of Himachal Pradesh, after consultation with the Reserve Bank of India, have entered into an agreement on the 19th May, 1962, to enable the Punjab Financial Corporation, established by the Punjab State Government to extend its jurisdiction to serve the needs of the Union Territory of Himachal Pradesh as well. As provided in the said section, the above-mentioned agreement is published hereunder:—

This agreement made on this 19th day of May, 1962, between:—

- (i) The Governor of Punjab (hereinafter referred to as 'the Governor') of the first Part.
- (ii) The President of India through the Chief Commissioner of Delhi (hereinafter referred to as 'the Commissioner') of the Second Part and (iii) The President of India through the Secretary Industries Department of Himachal Pradesh Administration (hereinafter referred to as 'the President') of the Third Part.

2. Whereas a Financial Corporation known as the Punjab Financial Corporation (hereinafter referred to as 'the said Corporation') has been established for the State of Punjab under section 3 of the State Financial Corporations Act, 1951 (hereinafter referred to as 'the said Act') since the beginning of the year 1953, and whereas Section 46-A of the said Act, enables any State, other than the one for which the Financial Corporation has been established to enter into an agreement with the State for which the Corporation has been established, if such other State desires that the Financial Corporation already established should also serve its needs;

3. And whereas the Commissioner has already entered into an agreement (hereinafter called the said agreement) with the Governor on the 14th day of October, 1957, and the said Corporation is now serving the needs of the Union Territory of Delhi also;

4. And whereas the President desires that the said Corporation should also serve the needs of the Union Territory of Himachal Pradesh and has communicated that desire to the Governor and the Commissioner;

5. And whereas the Governor, the Commissioner and the President have after consultation with the Reserve Bank of India agreed that their respective States should be participating States in the said Corporation;

6. And whereas prior to the execution of the said agreement, the number of shares of the said Corporation allocated to and held by the Government of Punjab under sub-section (3) (a) of section 4 of the said Act, was 30,000 and the number of shares subscribed for and held by the said Government under sub-section (5) of section 4 of the said Act, was 11,905;

7. And whereas the Government of Punjab also transferred 250 shares to the Life Insurance Corporation of India;

8. And whereas in pursuance of the said agreement the Government of Punjab transferred 13,885 shares to the Union Territory of Delhi out of the aforesaid shares;

9. Now, therefore, by this agreement (which shall be without prejudice to the agreement dated the 14th October, 1957, referred to in clause 3 above) made in pursuance of sub-sections (1) and (2) of section 46-A of the said Act, between the Governor, the Commissioner and the President, it is mutually agreed and declared as follows:—

(1) That the authorised capital of the said Corporation already fixed at Rs. 2 crores and its subscribed and paid up capital at Rs. one crore divided into 1,00,000 fully paid up shares of the value Rs. 100 each shall remain unaltered for the present.

(2) That all the shares at present constituting the aggregate of the respective shareholdings in the said Corporation of both the Government of Punjab and the Union Territory of Delhi shall be consolidated in one mass and shall then be divided between the three parties hereto in the proportions hereinafter specified and that, effect shall be given to the agreed division by such transfers by the Government of Punjab and the Union Territory of Delhi in favour of the Union Territory of Himachal Pradesh as will be necessary after the issue by the Central Government of the notification in the official Gazette referred to in sub-section (1) of section 46-A. of the said Act.

(3) That all the shares at present constituting the aggregate of the respective shareholdings in the said Corporation of both the Government of Punjab and the Union Territory of Delhi consolidated in one mass as agreed hereinabove shall be divided between the three parties hereto in the following proportions:—

Government of Punjab.
Union Territory of Delhi.
Union Territory of Himachal Pradesh.

10/17

5/17

2/17

and in the event of further capital having to be issued by the said Corporation within its present authorised limit or otherwise, the shares to be issued and subscribed for by the State Government in terms of sub-sections 3(a) and (5) of section 4 of the said Act, shall be issued to, subscribed for, and, in the event of disposal, disposed of, by the three parties hereto in the same proportions as aforesaid.

(4) That the guarantee liability of the President for the repayment of the paid up share capital of the said Corporation and for the payment of annual dividend at the minimum rate of 3 per cent. as already fixed by the Punjab Government with the approval of the Central Government at the time of issuing one lakh shares, shall with effect from such date as the three participating States above-named may mutually agree upon, be 2/17 of the total guarantee liability of the State Government mentioned in sub-section (1) of section 6 of the said Act, while 10/17th and 5/17th of the said guaranteed liability shall with effect from the date aforesaid be borne by the Governor and Commissioner respectively.

(5) That the guarantee liability of the State Government referred to in sub-section (2) of section 7 of the said Act, for repayment of the principal amount of the debentures to be issued thereafter for raising additional capital to meet the said Corporation's requirements and for payment of interest thereon, shall be shared by the three participating States above named in the same proportions as the guarantee liability of the State Government referred to in sub-section (1) of Section 6 of the said Act.

(6) That the number of directors of the said Corporation shall be raised to eleven; out of which two directors will be nominated by the Punjab Government and one director each by the Union Territory of Delhi and the Union Territory of Himachal Pradesh in terms of the proviso to section 10(a) of the said Act.

(7) That the Executive Committee of the said Corporation constituted as provided in Section 18 of the said Act, shall include the director on its Board nominated by the Union Territory of Himachal Pradesh as herein provided.

(8) That the surplus profits referred to in sub-section (3) of Section 35 of the said Act, shall be divided among the State of Punjab, the Union Territory of Delhi and the Union Territory of Himachal Pradesh in the proportion of 10:5:2 respectively i.e., the State of Punjab shall be entitled to 10/17th, the Union Territory of Delhi to 5/17th and the Union Territory of Himachal to 2/17th share respectively.

(9) That except as herein otherwise expressly provided, the several functions of the State Government under the said Act, shall be exercised by the Punjab Government, and references in the said Act to the State Government shall be construed accordingly.

(10) That the circumstances and conditions prevailing in the Union Territory of Himachal Pradesh and the requirements thereof shall essentially be taken into consideration when the said Corporation exercises its powers under Section 21 of the said Act, in the matter of appointing one or more Advisory Committee or Committees for the purpose of assisting it in the efficient discharge of its function. The Advisory Committee appointed for the area comprised in the Union Territory of Himachal Pradesh shall be separate from and independent of any other Advisory Committee that the said Corporation may appoint.

(11) That without prejudice to the provision herein above contained for exercise of the several functions of the State Government under the said Act by the Punjab Government the above named three participating States shall act in consultation with one another generally and particularly in the following matters:—

- (i) Raising the authorised capital of the said Corporation.
- (ii) Appointment of the Managing Director.
- (iii) Nomination of the Chairman of the Board.
- (iv) Approval of the salary and allowances of the Managing Director to be determined by the Board.
- (v) Giving of instructions to the Board on questions of policy.
- (vi) Decision in any dispute between the State Government and the Board as to whether a question is or is not a question of policy.
- (vii) Exercise of the Powers of superseding the Board and appointing a new Board in its place under sub-section (3) of Section 39 of the said Act.
- (viii) Giving of instructions to the Board in terms of sub-section (4) of Section 37 A of the said Act, after considering the inspection report referred to in sub-section (1) of the said section.
- (ix) Framing of rules under section 47 of the said Act.
- (x) Sanctioning the Regulations to be framed by the Board under section 48 of the said Act.

The consultation hereby contemplated will ordinarily be by correspondence. But in matters considered by the Board to be of vital importance the said consultation may take place at a meeting of one representative each of the Governor, the Commissioner and the President.

(12) That a sub-office of the said Corporation shall be set up at Simla, at such time as the three above named participating States may mutually determine. The Managing Director shall periodically visit and stay at Simla for such number of days as may be necessary in view of the work requiring his presence on the spot. The necessary arrangements for setting up a Sub-Office at Simla shall be made by the Union Territory of Himachal Pradesh.

(13) That in the event of any dispute or difference among the above named participating States, arising out of this agreement, the same shall be referred to the Secretary, Ministry of Finance (Department of Economic Affairs) Government of India whose decision shall be final and binding on all the three participating States.

10. In witness whereof this agreement is executed by the respective authorised representative of the parties in the Thirteenth Year of Republic of India on 19th day of May, 1962.

Sd./- R. S. TALWAR,

Secy. to Govt., Punjab,
Industries Department,

for and on behalf of the Governor of Punjab.

In the presence of:—

Witness.

Sd./- S. R. VARMA,
Managing Director,
Punjab Financial Corporation.

Sd./- BHAGWAN SAHAY,

Chief Commissioner of Delhi,
for and on behalf of the President of India.

In the presence of:—

Witness:

Sd./- S. R. VARMA,
Managing Director,
Punjab Financial Corporation.

Sd./- THAKUR SEN NEGI,

Secy. to Himachal Pradesh Admn.
Industries Department,
for and on behalf of the President of India.
19-5-1962.

In the presence of:—

Witness.

Sd./- S. R. VARMA,
Managing Director,
Punjab Financial Corporation.

By order,

L. I. PARIJA,

Secy. (Industries) Delhi Admn., Delhi.